

**NORTHWEST IOWA COMMUNITY COLLEGE  
SHELDON, IOWA**

**Independent Auditors' Report  
Financial Statements and Supplemental Information  
Schedule of Findings and Questioned Costs**

**June 30, 2008**

**NORTHWEST IOWA COMMUNITY COLLEGE  
C O N T E N T S**

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# NORTHWEST IOWA COMMUNITY COLLEGE

## OFFICIALS

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NAME	TITLE	TERM EXPIRES
<b>Board of Directors</b>		
Kenneth Vande Brake	Member	2009
Craig Struve	Member	2009
Chad Hamill	Member	2008
Dr. Loretta Berkland	President	2008
Judy Blauwet	Member	2010
Larry Hoekstra	Member	2010
Leroy Van Kekerix	Vice-President	2008
<b>Community College</b>		
Dr. William Giddings	President	
Alethea Stubbe	Board Secretary	
Mark Brown	Executive Director, College Operations and Finance and Board Treasurer	

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P.O. Box 1010  
Le Mars, IA 51031  
Phone (712) 546-7801  
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## INDEPENDENT AUDITORS' REPORT

To the Board of Directors of  
Northwest Iowa Community College  
Sheldon, Iowa

We have audited the accompanying financial statements of NORTHWEST IOWA COMMUNITY COLLEGE, Sheldon, Iowa, as of and for the year ended June 30, 2008. These financial statements are the responsibility of the Community College's management. Our responsibility is to express an opinion on these financial statements based on our audit. We did not audit the financial statement of the Northwest Iowa Community College Foundation (the component unit of the Community College discussed in Note 1), which statements reflect total assets of \$2,155,946 and total operating revenues of \$703,142 for the year then ended. Those financial statements were audited by other auditors whose report thereon has been furnished to us and our opinion insofar as it relates to that unit is based on the report of the other auditor.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards and provisions require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. The financial statements of the Northwest Iowa Community College Foundation were not audited in accordance with *Government Auditing Standards*. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit and the report of the other auditor provide a reasonable basis for our opinions.

In our opinion, based on our audit and the report of the other auditor, the financial statements referred to above present fairly, in all material respects, the respective financial position of Northwest Iowa Community College as of June 30, 2008, and the respective changes in financial position and cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 9, 2008, on our consideration of Northwest Iowa Community College's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an

opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and important for assessing the results of our audit.

Management's Discussion and Analysis and budgetary comparison information on pages 4-10 and 27-28, respectively, are not required parts of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise Northwest Iowa Community College's basic financial statements. We previously audited, in accordance with the standards referred to in the second paragraph of this report, the financial statements for the three years ended June 30, 2007 (which are not presented herein) and expressed unqualified opinions on those financial statements. Other supplementary information on pages -- through -- including the Schedule of Expenditures of Federal Awards required by the United States Office of Management and Budget (OMB) Circular A-133 *Audits of States, Local Governments, and Non-Profit Organizations*, is presented for purposes of additional analysis and is not a required part of the basic financial statements of Northwest Iowa Community College. Such information has been subjected to the auditing procedures applied in our audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

*Williams & Company P.C.*  
Certified Public Accountants

Le Mars, Iowa  
December 9, 2008

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## MANAGEMENT'S DISCUSSION AND ANALYSIS

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Management of Northwest Iowa Community College provides this Management's Discussion and Analysis of the College's annual financial statements. This narrative overview and analysis of the financial activities is for the fiscal year ended June 30, 2008. We encourage readers to consider this information in conjunction with the College's financial statements, which follow, as well as the separately issued financial statements of the Northwest Iowa Community College Foundation, a blended component unit of the College.

### 2008 FINANCIAL HIGHLIGHTS

- ◆ College operating revenues decreased 3.8% or \$364,414 from fiscal year 2007 (FY 07). Tuition and fees, and federal appropriations reported an increase and auxiliary enterprise revenues and Iowa Industrial New Jobs Training revenues decreased.
- ◆ College operating expenses increased 1.8% or \$276,237 from fiscal year 2007 (FY 07). Liberal arts and sciences, vocational technical, adult education, administration, learning resources, physical plant, general institution, scholarships and grants, and depreciation reported an increase in expenditures, while cooperative services, student services, and auxiliary enterprises decreased.
- ◆ The College's net assets increased 9.6%, or approximately \$1,948,791, from fiscal year 2007 (FY 07).

### USING THIS ANNUAL REPORT

The annual report consists of a series of financial statements and other information, as follows:

Management's Discussion and Analysis introduces the basic financial statements and provides an analytical overview of the College's financial activities.

The Basic Financial Statements consist of a statement of net assets, a statement of revenues, expenses and changes in net assets and a statement of cash flows. These provide information about the activities of the College as a whole and present an overall view of the College's finances.

Notes to the Financial Statements provide additional information that is essential to a full understanding of the data provided in the basic financial statements.

Required Supplementary Information further explains and supports the financial statements with a comparison of the College's budget for the year.

Other Supplementary Information provides detailed information about the individual funds. In addition, the Schedule of Expenditures of Federal Awards provides details of various programs benefiting the College.



## **REPORTING THE COLLEGE'S FINANCIAL ACTIVITIES**

### *The Statement of Net Assets*

The Statement of Net Assets presents the assets, liabilities and net assets of the College as a whole, as of the end of the fiscal year. The Statement of Net Assets is a point-in-time financial statement. The purpose of this statement is to present a fiscal snapshot of the College to the readers of the financial statements. The Statement of Net Assets includes year-end information concerning current and non-current assets, current and non-current liabilities, and net assets (assets less liabilities). Over time, readers of the financial statements will be able to determine the College's financial position by analyzing the increases and decreases in net assets. This statement is also a good source for readers to determine how much the College owes to outside vendors and creditors. The statement also presents the available assets that can be used to satisfy those liabilities.

#### **Net Assets**

	<u>June 30</u>	
	<u>2008</u>	<u>2007</u>
Current Assets	\$19,285,752	\$21,082,032
Noncurrent Assets	16,136,693	14,496,483
Total Assets	<u>35,422,445</u>	<u>35,578,515</u>
Current Liabilities	5,042,155	5,547,266
Noncurrent Liabilities	8,038,343	9,638,093
Total Liabilities	<u>13,080,498</u>	<u>15,185,359</u>
Net Assets		
Invested in capital assets, net of related debt	10,269,839	8,334,907
Restricted	3,156,438	2,563,749
Unrestricted	8,915,670	9,494,500
Total Net Assets	<u>\$22,341,947</u>	<u>\$20,393,156</u>

#### **Comparison of Net Assets**

The largest portion of the College's net assets (46.0%) is the invested in capital assets (e.g., land, buildings, and equipment), less the related debt. The debt related to the capital assets is liquidated with resources other than capital assets. The next largest portion of the College's net assets (39.9%) is the unrestricted assets that can be used to meet the College's obligations as they come due. The restricted portion of the net assets (14.1%) includes resources that are subject to external restrictions.

## Statement of Revenues, Expenses and Changes in Net Assets

Changes in total net assets as presented on the Statement of Net Assets are based on the activity presented in the Statement of Revenues, Expenses and Changes in Net Assets. The purpose of the statement is to present the revenues received by the College, both operating and non-operating, and the expenses paid by the College, operating and non-operating, and any other revenues, expenses, gains and losses received or spent by the College.

In general, a public college, such as Northwest Iowa Community College, will report an operating loss since the financial reporting model classifies state appropriations and property tax as non-operating revenues. Operating revenues are received for providing goods and services to the students, customers and constituencies of the College. Operating expenses are those expenses paid to acquire or produce the goods and services provided in return for the operating revenues and to carry out the mission of the College. Non-operating revenues are revenues received for which goods and services are not provided. The utilization of capital assets is reflected in the financial statements as depreciation, which allocates the cost of an asset over its expected useful life.

### Changes in Net Assets

	June 30	
	2008	2007
Operating Revenues:		
Tuition and fees	\$3,476,702	\$3,315,756
Federal appropriations	1,761,848	1,538,295
Iowa Industrial New Jobs Training Program	1,294,012	1,889,462
Auxiliary	2,519,771	2,541,131
Miscellaneous	239,296	371,399
Total operating revenues	9,291,629	9,656,043
Total operating expenses	15,378,339	15,102,102
Operating Loss	(6,086,710)	(5,446,059)
Non-operating revenues (expenses)		
State appropriations	5,126,296	4,642,394
Property tax	1,690,104	1,643,656
Interest income on investments	636,126	818,952
Gain on sale of capital assets	(5,919)	
Rental of college facilities	3,475	5,319
Foundation Revenue (net of expense)	684,841	369,338
Interest on indebtedness	(75,422)	(6,449)
Net non-operating revenues	8,059,501	7,473,210
Increase in net assets	1,972,791	2,027,151
Net assets July 1, 2007	20,393,156	18,366,005
Prior period adjustment	(24,000)	
Net assets June 30, 2008	\$22,341,947	\$20,393,156

The Statement of Revenues, Expenses and Changes in Net Assets reflects a positive year, with an increase in the net assets at the end of the fiscal year.

### Total Revenue by Source

In FY 08, operating revenues decreased by \$364,414 (3.8%) as a net result of the following changes:

- ♦ Tuition and fees increased by \$160,946 due to an increase in the tuition rate of \$4.00 per credit.
- ♦ Federal appropriations increased by \$223,553 due to the increase activity of the Department of Labor Grant.
- ♦ The Iowa Industrial New Jobs Training program decreased by \$595,450 due to the college not having a new issuance of training certificates in FY 08.
- ♦ The miscellaneous group decreased by \$132,103 due the fact that the college did not issue training certificates in FY 08 and therefore did not record administrative fee revenue.

### Total Expenses

	June 30	
	2008	2007
Education and support:		
Liberal arts and sciences	\$1,074,105	\$ 946,466
Vocational technical	3,612,105	3,378,097
Adult education	720,895	717,107
Cooperative services	1,294,012	1,898,276
Administration	864,847	719,507
Student services	739,662	748,640
Learning resources	226,722	218,905
Physical plant	1,325,157	1,028,514
General institution	2,338,596	2,257,189
Auxiliary enterprises	2,295,261	2,379,406
Scholarships and grants	189,242	131,049
Depreciation	694,717	678,946
Amortization	3018	
Total Operating Expenses	<u>\$15,378,339</u>	<u>\$15,102,102</u>

In FY 08, operating expenses increased by \$276,237 (1.8%). The following factors explain some of the changes:

- ♦ Liberal arts and sciences increased by \$127,639 as a result of a reclassification of an administrator's salary and wage increases.
- ♦ Vocational technical reported an increase of \$234,008 as a result of the following three factors, which are (1) wage increases, (2) increase fuel and maintenance cost in the powerline and heavy equipment programs, and (3) increase technology equipment purchases.
- ♦ Cooperative services reported a decrease of \$604,264 due to the fact the college did not issue any new 260E New Jobs Training Certificates for FY 08.

- ♦ Administration reported an increase of \$145,340 due to increase activity in the IA Values Fund and the college offering an early retirement option.
- ♦ Physical Plant reported an increase of \$296,643 due to the purchase of a security camera system for the campus, increases in maintenance and repairs of equipment, and increases in materials and supplies.
- ♦ General institution reported an increase of \$81,407 due to the completion of several construction projects that were in process. These would include the Rad Tech addition, the Lyon Hall apartments and the parking lot addition.

### *Statement of Cash Flows*

A statement included in Northwest Iowa Community College's basic financial statements is the Statement of Cash Flows. The Statement of Cash Flows is an important tool in helping users assess the College's ability to generate future net cash flows, its ability to meet its obligations as they come due, and its need for external financing. The Statement of Cash Flows presents information related to cash inflows and outflows, summarized by operating, non-capital financing, capital financing and investing activities.

### **Cash Flows**

	June 30	
	2008	2007
Cash provided (used) by:		
Operating activities	\$(6,568,165)	\$(5,438,625)
Non-capital financing activities	7,119,756	7,289,413
Capital and related financing activities	(3,036,372)	19,694
Investing activities	636,126	818,953
Net increase/(decrease) in cash	(1,848,655)	2,689,435
Cash, beginning of the year	17,802,501	15,113,066
Cash, end of the year	<u>\$15,953,846</u>	<u>\$17,802,501</u>

Cash used by operating activities includes tuition, fees, grants and contracts, net of payments to employees and to suppliers. Cash provided by non-capital financing activities includes state appropriations, local property tax received by the College and the receipt and disbursement of federal direct loan program proceeds. Cash used by capital and related financing activities represents the proceeds from debt, the principal and interest payments on debt and the purchase of capital assets. Cash provided by investing activities includes investment income received.

## **CAPITAL ASSETS**

At June 30, 2008, the College had approximately \$12 million invested in capital assets, net of accumulated depreciation of \$10.9 million. Depreciation charges totaled \$694,717 for FY 08. Details of capital assets are shown below.

### **Capital Assets, Net, at Year-End**

	June 30	
	2008	2007
Land	\$ 346,880	\$ 346,880
Buildings and Other Structures	9,411,871	6,228,429
Equipment	1,899,600	1,546,467
Software Development	329,965	371,211
Construction in Progress	71,523	1,751,920
Total	<u>\$12,059,839</u>	<u>\$10,244,907</u>

Planned capital expenditures for the fiscal year ending June 30, 2009 are expected to include technology and new facility construction at an estimated cost of \$3.8 million. The college will be constructing an apartment style dormitory for \$2.1 million which is funded through the sale of revenue bonds. Also a Bio Tech addition for \$1.3 million which is mostly funded through ACE funding through the state and equipment purchases estimated at \$400,000. More detailed information about the College's capital assets is presented in Note 5 to the financial statements.

## **DEBT**

At June 30, 2008, the College had \$8.9 million in debt outstanding, a decrease of \$1,815,000 from 2007. The certificates payable are the 260E New Jobs Training Certificates and the decrease in bonds payable are the revenue bonds for the Lyon Hall apartment style dormitory which was completed in FY 08. The table below summarizes these amounts by type.

	June 30	
	2008	2007
Certificates Payable	\$7,095,000	\$ 8,790,000
Notes Payable	25,000	65,000
Bonds Payable	1,790,000	1,870,000
Total	<u>\$8,910,000</u>	<u>\$10,725,000</u>

More detailed information about the College's outstanding debt is presented in Note 6 to the financial statements.

## **ECONOMIC FACTORS**

Northwest Iowa Community College continued to improve its financial position during the current fiscal year. However, the current condition of the economy in the state continues to be a concern for College officials. Some of the realities that may potentially become challenges for the College to meet are:

- ♦ State aid will remain virtually unchanged. There was a deappropriation in state general aid in FY 02 in the net amount of \$255,751. State aid for FY 08 was \$466,942 more than what was collected in state general aid in FY 01.
- ♦ Expenses will continue to increase and the burden of meeting these obligations have been placed on the students with the continued increases in tuition and fees.
- ♦ Facilities at the College require constant maintenance and upkeep.
- ♦ Technology continues to expand and current technology becomes outdated presenting an ongoing challenge to maintain up to date technology at a reasonable cost.

The College anticipates the current fiscal year will be much like the last and will maintain a close watch over resources to maintain the College's ability to react to unknown issues.

## **Contacting the College's Financial Management**

This financial report is designed to provide our customers, taxpayers in the community college district and our creditors with a general overview of the College's finances and to demonstrate the College's accountability for the resources it receives. If you have questions about the report or need additional financial information, contact Northwest Iowa Community College, 603 West Park Street, Sheldon, IA 51201.

**NORTHWEST IOWA COMMUNITY COLLEGE**  
**STATEMENT OF NET ASSETS**  
**JUNE 30, 2008**

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**ASSETS**

Current Assets:

Cash and Pooled Investments	\$ 15,953,846
Receivables:	
Accounts, Net of Allowance for Doubtful Accounts of \$1,681	688,569
Property Tax:	
Current Year Delinquent	23,409
Succeeding Year	1,767,758
Iowa Industrial New Jobs Training Program	247,380
Notes	90
Due from Other Governments	241,830
Inventories	222,372
Prepaid Expenses	140,498
Total Current Assets	<u>19,285,752</u>

Noncurrent Assets:

Endowment Investments	2,155,946
Receivables:	
Iowa Industrial New Jobs Training Program	1,881,329
Bond Issue Costs	39,579
Capital Assets:	
Land	346,880
Construction in Progress	71,523
Buildings	15,478,810
Other Structures and Improvements	1,017,800
Furniture, Machinery and Equipment	5,674,905
Software Development	412,457
Accumulated Depreciation	<u>(10,942,536)</u>
Total Noncurrent Assets	<u>16,136,693</u>

**Total Assets**

\$ 35,422,445

**NORTHWEST IOWA COMMUNITY COLLEGE**  
**STATEMENT OF NET ASSETS**  
**JUNE 30, 2008**

**LIABILITIES**

Current Liabilities:

Accounts Payable	\$ 446,745
Salaries and Benefits Payable	200,775
Accrued Interest Payable	7,455
Deferred Revenue:	
Succeeding Year Property Tax	1,767,758
Other	452,645
Early Retirement Payable	196,981
Compensated Absences Payable	24,598
Insurance Reserve	150,000
Deposits Held in Custody for Others	192,698
Certificates Payable	1,500,000
Notes Payable	12,500
Bonds Payable	90,000
Total Current Liabilities	<u>5,042,155</u>

Noncurrent Liabilities:

Compensated Absences Payable	221,384
Early Retirement Payable	509,459
Certificates Payable	5,595,000
Notes Payable	12,500
Bonds Payable	1,700,000
Total Noncurrent Liabilities	<u>8,038,343</u>

**Total Liabilities**

13,080,498

**NET ASSETS**

Invested in Capital Assets, Net of Related Debt	10,269,839
Restricted:	
Nonexpendable:	
Cash Reserve	119,016
Temporarily Restricted Foundation Net Assets	516,030
Permanent Foundation Net Assets	201,245
Expendable:	
Loans	13,118
Board Restricted Foundation Net Assets	501,719
Other Foundation Net Assets	936,952
Other	868,358
Unrestricted	8,915,670

**Total Net Assets**

\$ 22,341,947



**NORTHWEST IOWA COMMUNITY COLLEGE  
STATEMENT OF REVENUES, EXPENSES  
AND CHANGES IN NET ASSETS  
FOR THE YEAR ENDED JUNE 30, 2008**

**Revenues**

Operating Revenues:	
Tuition and Fees, net of scholarship allowances of \$873,739	\$ 3,476,702
Federal Appropriations	1,761,848
Iowa Industrial New Jobs Training Program	1,294,012
Auxiliary Enterprises, net of scholarship allowances of \$160,250	2,519,771
Miscellaneous	239,296
Total Operating Revenues	<u>9,291,629</u>

**Expenses**

Operating Expenses:	
Education and Support:	
Liberal Arts and Sciences	1,074,105
Vocational Technical	3,612,105
Adult Education	720,895
Cooperative Services	1,294,012
Administration	864,847
Student Services	739,662
Learning Resources	226,722
Physical Plant	1,325,157
General Institution	2,338,596
Auxiliary Enterprises	2,295,261
Scholarships and Grants	189,242
Amortization	3,018
Depreciation	694,717
Total Operating Expenses	<u>15,378,339</u>

Operating (Loss) (6,086,710)

**Non-operating Revenues (Expenses)**

State Appropriations	5,126,296
Property Tax	1,690,104
Interest Income From Investments	636,126
Gain (Loss) on Disposal of Capital Assets	(5,919)
Rental of College Facilities	3,475
Foundation Revenue (net of expense)	684,841
Interest on Indebtedness	(75,422)
Net Non-operating Revenues	<u>8,059,501</u>

Increase in Net Assets 1,972,791

Net Assets Beginning of Year 20,393,156

Prior Period Adjustment (24,000)

Net Assets Beginning of Year, as Restated 20,369,156

Net Assets End of Year \$ 22,341,947

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**NORTHWEST IOWA COMMUNITY COLLEGE**  
**STATEMENT OF CASH FLOWS**  
**YEAR ENDED JUNE 30, 2008**

Cash Flows from Operating Activities:	
Tuition and Fees	\$ 3,558,520
Grants and Contracts	1,880,522
Iowa Industrial New Jobs Training Program	1,791,139
Payments to Employees	(8,220,217)
Payments to Suppliers	(5,141,201)
Net Receipts of NJTP Issuances and Repayments	(2,989,012)
Payments for Scholarships	(189,242)
Auxiliary Enterprise Charges	2,502,030
Other Receipts	239,296
Net Cash (Used) by Operating Activities	<u>(6,568,165)</u>
Cash Flows from Non-Capital Financing Activities:	
State Appropriations	5,130,052
Property Tax	1,688,998
Rental of College Facilities	3,475
Foundation	346,408
Agency receipts	149,550
Agency disbursements	(198,727)
Net Cash Provided From Non-Capital Financing Activities	<u>7,119,756</u>
Cash Flows from Capital and Related Financing Activities:	
Aquisition of Capital Assets	(2,846,401)
Proceeds from the Sale of Fixed Assets	5,451
Principal Paid on Debt	(120,000)
Interest Paid on Debt	(75,422)
Net Cash (Used) by Capital and Related Financing Activities	<u>(3,036,372)</u>
Cash Flows from Investing Activities:	
Interest on Investments	<u>636,126</u>
Net Cash Provided by Investing Activities	<u>636,126</u>
Net (Decrease) in Cash	(1,848,655)
Cash at Beginning of Year	<u>17,802,501</u>
Cash at End of Year	<u><u>\$ 15,953,846</u></u>

See Notes to Financial Statements

**NORTHWEST IOWA COMMUNITY COLLEGE**  
**STATEMENT OF CASH FLOWS**  
**YEAR ENDED JUNE 30, 2008**

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Reconciliation of Operating Loss to Net Cash Used by

Operating Activities:

Operating (Loss)	\$ (6,086,710)
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Adjustments to Reconcile Operating Loss to Net Cash

Used by Operating Activities:

Depreciation	694,717
--------------	---------

Amortization	3,018
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Changes in Assets and Liabilities:

(Increase) in Prepaid	(27,431)
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Decrease in Accounts Receivable	34,331
---------------------------------	--------

Decrease in NJTP Receivable	578,457
-----------------------------	---------

Decrease in Due From Other Governments	38,201
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(Increase) in Inventories	(64,435)
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Increase in Accounts Payable	94,060
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Increase in Salaries Payable	13,680
------------------------------	--------

Increase in Deferred Revenue	28,888
------------------------------	--------

Increase in Compensated Absences	34,193
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(Decrease) in Early Retirement Payable	(162,224)
--	-----------

(Decrease) in Deposits in Custody	(51,910)
-----------------------------------	----------

(Decrease) in Certificates Payable	(1,695,000)
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Total Adjustments	(481,455)
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Net Cash (Used) by Operating Activities	\$ (6,568,165)
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**NORTHWEST IOWA COMMUNITY COLLEGE**  
**Notes To The Financial Statements**  
**June 30, 2008**

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**Note 1 - Summary of Significant Accounting Policies**

Northwest Iowa Community College is a publicly supported college, established and operated by Merged Area IV under the provisions of Chapter 260C of the Code of Iowa. Northwest Iowa Community College may offer programs of adult and continuing education, lifelong learning, community education, and up to two years of liberal arts, pre-professional or occupational instruction partially fulfilling the requirements for a baccalaureate degree but confers no more than an associate degree. Northwest Iowa Community College also offers up to two years of vocational or technical education, training or retraining to persons who are preparing to enter the labor market. Northwest Iowa Community College maintains a campus and has its administrative office in Sheldon, Iowa. The Community College is governed by a Board of Directors whose members are elected from each director district within Merged Area IV.

The Community College's financial statements are prepared in conformity with U.S. generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board.

**A. Reporting Entity**

For financial reporting purposes, Northwest Iowa Community College has included all funds, organizations, agencies, boards, commissions and authorities. The Community College has also considered all potential component units for which it is financially accountable, and other organizations for which the nature and significance of their relationship with the Community College are such that exclusion would cause the Community College's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body, and (1) the ability of the Community College to impose its will on that organization or (2) the potential for the organization to provide specific benefits to, or impose specific financial burdens on the Community College. Northwest Iowa Community College has included the Northwest Iowa Community College Foundation as a blended component unit that meets the Governmental Accounting Standards Board criteria. The Northwest Iowa Community College Foundation has been audited separately and a report has been issued under separate cover. A copy of the audited financial statements are available at the College.

**Blended Component Unit**

Northwest Iowa Community College Foundation is a non-profit corporation, whose goal is to provide support to the Community College and students, and whose financial activities are included as endowment funds in these financial statements. Northwest Iowa Community College Foundation primarily receives funds through donations to provide scholarships to students. The governing board of this organization has members who are also officers of the Community College. However, these members do not comprise a majority of the Foundation's board.

**NORTHWEST IOWA COMMUNITY COLLEGE**  
**Notes To The Financial Statements**  
**June 30, 2008**

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**Note 1 - Summary of Significant Accounting Policies – (Continued)**

Net assets of the Foundation at June 30, 2008, include the following:

Expendable Net Assets	\$ 1,438,671
Temporarily Restricted Net Assets	516,030
Permanently Restricted Net Assets	201,245
	<u>\$ 2,155,946</u>

**B. Basis of Presentation**

GASB Statement No. 35 establishes standards for external financial reporting for public colleges and universities and requires resources to be classified for accounting and reporting purposes into the following four net asset categories:

Invested in Capital Assets, Net of Related Debt: Capital assets, net of accumulated depreciation and outstanding debt obligations attributable to the acquisition, construction or improvement of those assets.

Restricted Net Assets:

Nonexpendable – Net assets subject to externally imposed stipulations that they be maintained permanently by the Community College, including the Community College's permanent endowment funds, and a cash reserve required by Iowa Code.

Expendable – Net assets whose use by the Community College is subject to externally imposed stipulations that can be fulfilled by actions of the Community College, pursuant to those stipulations or that expire by the passage of time.

Unrestricted Net Assets: Net assets that are not subject to externally imposed situations. Resources may be designated for specific purposes by action of management or by the Board of Directors or may otherwise be limited by contractual agreements with outside parties. When an expense is incurred for which both restricted and unrestricted resources are available, the College will first apply restricted resources.

GASB Statement No. 35 also requires that Statements of Net Assets, Revenues, Expenses and Changes in Net Assets and Cash Flows be reported on a consolidated basis. These basic financial statements report information on all of the activities of the Community College. For the most part, the effect of interfund activity has been removed from these statements.

**NORTHWEST IOWA COMMUNITY COLLEGE**  
**Notes To The Financial Statements**  
**June 30, 2008**

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**Note 1 - Summary of Significant Accounting Policies – (Continued)**

C. Measurement Focus and Basis of Accounting

For financial reporting purposes, Northwest Iowa Community College is considered a special-purpose government engaged only in business type activities as defined in GASB Statement No. 34. Accordingly, the basic financial statements of the College have been prepared using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property tax is recognized as revenue in the year for which it is levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

D. Assets, Liabilities and Net Assets

The following accounting policies are followed in preparing the balance sheet:

Cash and Pooled Investments – Investments consist of non-negotiable savings and certificates of deposit and are stated at cost which approximates fair value, except for the investment in the Iowa Schools Joint Investment Trust, which is valued at amortized cost, which approximates fair value. The Iowa Schools Joint Investment Trust is a common law trust established under Iowa law and is administered by an appointed investment management company. The fair value of the position in the trust is the same as the value of the shares.

For the purposes of the statement of cash flows, all short-term cash investments that are highly liquid are considered to be cash equivalents. Cash equivalents are readily convertible to known amount of cash, and at the day of purchase, they have a maturity date no longer than three months.

Short-Term Interfund Receivables/Payables – During the course of its operations, the Community College had numerous transactions between funds. To the extent that certain transactions between funds had not been paid or received, as of June 30, 2008, balances of interfund amounts receivable or payable have been recorded as “due to other funds” and “due from other funds”, respectively.

Due from Other Governments – This asset represents state aid, grants and reimbursements due from the State of Iowa, grants and reimbursements due from the Federal government, and amounts due from local municipalities.

Inventories – Inventories are valued at lower of cost (first-in, first-out method) or market. The cost is recorded as an expenditure at the time individual inventory items are consumed.

Property Tax Receivable – Property tax receivable is recognized on the levy or lien date, which is the date that the tax asking is certified by the Board of Directors to the appropriate County Auditors. Current year delinquent property taxes receivable represents unpaid taxes from the current year. The succeeding year property tax receivable represents taxes certified by the Board of Directors to be collected in the next fiscal year for the purposes set out in the budget for the next fiscal year. By statute, the Board of Directors is required to certify its budget to the County Auditor by June 1 of



**NORTHWEST IOWA COMMUNITY COLLEGE**  
**Notes To The Financial Statements**  
**June 30, 2008**

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**Note 1 - Summary of Significant Accounting Policies – (Continued)**

each year for the subsequent fiscal year. However, by statute, the tax asking and budget certification for the following fiscal year becomes effective on the first day of that year. Although the succeeding year property tax receivable has been recorded, the related revenue is deferred and will not be recognized as revenue until the year for which it is levied.

Receivable for Iowa Industrial New Jobs Training Program (NJTP) – This represents the amount to be remitted to the Community College for training projects entered into between the Community College and employers under the provisions of Chapter 260E of the Code of Iowa. The receivable amount is based on expenditures incurred through June 30, 2008, on NJTP projects, plus interest incurred on NJTP certificates, less revenues received to date.

Capital Assets – Capital assets, which include land, buildings and improvements and equipment and vehicles, are recorded at historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the assets or materially extend assets lives are not capitalized. No interest costs were capitalized since there were no qualifying assets.

Capital assets are defined by the Community College as assets with initial, individual costs in excess of \$5,000.

Depreciation is computed using the straight-line method over the following estimated useful lives:

<u>Asset Class</u>	<u>Estimated Useful Lives</u> <u>(In Years)</u>
Buildings	30
Other structures and improvements	30
Equipment	5-10
Vehicles	5-10

The Community College does not capitalize or depreciate library books. The value of each book falls below the capital asset threshold and the balance was deemed immaterial to the financial statements. Interest costs incurred during the year were \$89,460 of which \$14,038 have been capitalized.

Salaries and Benefits Payable – Payroll and related expenses for instructors with annual contracts corresponding to the current school year, which are payable in July and August, have been accrued as liabilities.

**NORTHWEST IOWA COMMUNITY COLLEGE**  
**Notes To The Financial Statements**  
**June 30, 2008**

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**Note 1 - Summary of Significant Accounting Policies – (Continued)**

Deferred Revenue – When assets are recognized in connection with a transaction before the earnings process is complete, those assets must be offset by a corresponding liability for deferred revenue. Deferred revenue consists of succeeding year property tax receivable, tuition deposits, tuition paid for portion of summer term after June 30<sup>th</sup>, unspent grant proceeds and unearned revenue on 260 E and F projects.

Compensated Absences – Community College employees accumulate a limited amount of earned but unused vacation hours for subsequent use or for payment upon termination, death or retirement. Amounts representing the cost of compensated absences plus related benefits are recorded as liabilities of the appropriate fund. These liabilities have been computed based on rates of pay in effect at June 30, 2008.

Bond Issuance Costs – Bond issuance costs are deferred and amortized over the life of the bonds using a straight-line method.

Auxiliary Enterprise Revenues – Auxiliary enterprise revenues primarily represent revenues generated by the bookstore, dormitories, parts, printing and reproduction, and trade and industry.

Summer Session – The College operates summer sessions during May, June, and July. Revenues and expenses for the summer sessions are allocated between fiscal years based upon the number of days in the term occurring before and after June 30<sup>th</sup>.

Tuition and Fees – Tuition and fees revenues are reported net of scholarship allowances, while other payments made directly to students are presented as scholarship expenses.

Operating and Non-Operating Activities – Operating activities, as reported in the Statement of Revenues, Expenses and Changes in Net Assets, are transactions that result from exchange transactions, such as payments received for providing services and payments made for services or goods received. Non-operating activities include state appropriations, property tax and interest income.

**E. Scholarship Allowances and Student Aid**

Financial aid to students is reported in the financial statements under the alternative method, as prescribed by the National Association of College and University Business Officers (NACUBO). Certain aid (loans, funds provided to students as awarded by third parties) is accounted for as third party payments (credited to the student's account as if the student made the payment). All other aid is reflected in the financial statements as operating expenses or scholarship allowances, which reduce revenues. The amount reported as operating expenses represents the portion of aid that was provided to the student in the form of cash. Scholarship allowances represent the portion of aid provided to the student in the form of reduced tuition. Under the alternative method, these amounts are computed on a total College basis by allocating the cash payments to students, excluding payments for services, on the ratio of all aid to the aid not considered to be third party aid.

**NORTHWEST IOWA COMMUNITY COLLEGE**  
**Notes To The Financial Statements**  
**June 30, 2008**

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**Note 2 - Cash and Pooled Investments**

The Community College's deposits in banks at June 30, 2008, were entirely covered by Federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This Chapter provides for additional assessments against the depositories to insure there will be no loss of public funds.

The Community College is authorized by statute to invest public funds in obligations of the United States government, its agencies and instrumentalities; certificates of deposit or other evidences of deposit at federally insured depository institutions approved by the Board of Directors; prime eligible bankers acceptances; certain high rated commercial paper; perfected repurchase agreements, certain registered open-end management investment companies; certain joint investment trusts; and warrants or improvement certificates of a drainage district.

All of the College's investments are in savings accounts, certificates of deposit, Iowa Schools Joint Investment Trust (ISJIT) or money-market accounts, thus cost equals fair value for all of the College's investments with the exception of ISJIT as discussed at Note 1.D. Additionally, as all the College's investments are some form of deposit and protected per Chapter 12c of the Iowa Code, credit risk and concentration risks do not apply. The College protects against interest rate risk by dictating all maturities be of one year or less.

As of June 30, 2008, the College's investments were rated at follows:

<u>Investment Type</u>	<u>Moody Investor Services</u>
Iowa Schools Joint Investment Trust	Aaa

**Note 3 - Accounts Receivable and Credit Policies**

Accounts receivable includes \$46,757 for uncollateralized student obligations stated at the amount billed to the student plus any accrued and unpaid interest. The carrying amount of accounts receivable is reduced by an allowance of \$1,681 that reflects management's best estimate of the amounts that will not be collected. Management reviews all accounts receivable balances that are delinquent and estimates the portion, if any, of the balance that will not be collected.

Each student is required to pay the balance on their account by the first day of class. However, students do have the option of enrolling with a third party designated by the college which administers a payment plan. The students are required to pay a \$35 fee to participate in the plan, of which NICC receives \$10. The third party handles all collections of payments and remits them to NICC.

**Note 4 - Inventories**

The Community College's inventories at June 30, 2008, are as follows:

Parts, Supplies and Materials	\$ 40,531
Merchandise Held for Resale-Bookstore	158,761
Other-Bookstore	23,080
Total	<u>\$ 222,372</u>

**NORTHWEST IOWA COMMUNITY COLLEGE**  
**Notes To The Financial Statements**  
**June 30, 2008**

**NOTE 5 - Capital Assets**

Capital assets activity for the year ended June 30, 2008 is as follows:

	Balance Beginning of Year	Additions	Deletions	Balance End Of Year
Capital Assets, not being depreciated:				
Land	\$ 346,880			\$ 346,880
Construction in Progress	1,751,920	\$ 1,842,265	\$ 3,522,662	71,523
Total Capital Assets, not being depreciated	<u>2,098,800</u>	<u>1,842,265</u>	<u>3,522,662</u>	<u>418,403</u>
Capital Assets, being depreciated:				
Buildings	11,956,148	3,522,662		15,478,810
Other Structures and Improvements	1,017,800			1,017,800
Furniture, Machinery and Equipment	5,199,147	691,094	215,336	5,674,905
Software Development	412,457			412,457
Total Capital Assets, being depreciated	<u>18,585,552</u>	<u>4,213,756</u>	<u>215,336</u>	<u>22,583,972</u>
Less Accumulated Depreciation for:				
Buildings and Other Structures and Improvements	6,745,519	339,220		7,084,739
Movable Equipment	<u>3,693,926</u>	<u>355,497</u>	<u>191,626</u>	<u>3,857,797</u>
Total Accumulated Depreciation	<u>10,439,445</u>	<u>694,717</u>	<u>191,626</u>	<u>10,942,536</u>
Total Capital Assets, Being Depreciated, Net	<u>\$ 8,146,107</u>	<u>\$ 3,519,039</u>	<u>\$ (23,710)</u>	<u>\$ 11,641,436</u>

Furniture, machinery and equipment include \$384,480 of assets acquired under capital lease. Other structures and improvements include \$14,361 of assets acquired under capital lease.

The Community College signed a joint use operating lease agreement for the use of space at 950 Corporate Center, Sioux Center, Iowa on January 1, 2003. The agreement was a commitment of \$5,000 a year for five years through December 31, 2007, which was extended through December 31, 2008. The College has subsequently signed a new lease agreement with the City of Sioux Center for 800 square feet in the Sioux Center Public Library. This agreement is from January 1, 2009 to December 31, 2011 with a commitment of \$533 per month. There are also renewal options available to extend the agreement through December 31, 2017.

**NOTE 6 – Changes in Long-Term Liabilities**

A summary of changes in long-term liabilities for the year ended June 30, 2008, is as follows:

	Certificates Payable	Notes Payable	Bonds Payable	Compensated Absences	Total
Balance Beginning of Year	\$ 8,790,000	\$ 65,000	\$ 1,870,000	\$ 211,789	\$10,936,789
Additions				231,618	231,618
Reductions	1,695,000	40,000	80,000	197,425	2,012,425
Balance End of Year	<u>7,095,000</u>	<u>25,000</u>	<u>1,790,000</u>	<u>245,982</u>	<u>9,155,982</u>
Portion Due Within One Year	<u>\$ 1,500,000</u>	<u>\$ 12,500</u>	<u>\$ 90,000</u>	<u>\$ 24,598</u>	<u>\$ 1,627,098</u>

**NORTHWEST IOWA COMMUNITY COLLEGE**  
**Notes To The Financial Statements**  
**June 30, 2008**

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**NOTE 6 – Changes in Long-Term Liabilities - (Continued)**

Certificates Payable

In accordance with agreements dated between December 9, 1985 and June 1, 2007, the Community College issued certificates totaling \$18,360,000, with interest rates ranging from 2.6% to 8.1% per annum. The debt was incurred to fund the development and training costs incurred relative to implementing Chapter 260E of the Code of Iowa, Iowa Industrial New Jobs Training Program (NJTP). NJTP's purpose is to provide tax-aided training for employees of industries which are new to or are expanding their operations within the State of Iowa. Interest is payable semiannually, while principal payments are due annually. The certificates are to be retired by proceeds from anticipated job credits from withholding taxes, incremental property taxes, budgeted reserves and in the case of default from standby property taxes.

Long-Term Debt

The certificates will mature as follows:

<u>Years Ending</u> <u>June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2009	\$ 1,500,000	\$ 408,345	\$ 1,908,345
2010	1,060,000	317,743	1,377,743
2011	1,100,000	257,745	1,357,745
2012	795,000	194,065	989,065
2013	755,000	149,875	904,875
2014-2017	1,885,000	194,498	2,079,498
Total	<u>\$ 7,095,000</u>	<u>\$ 1,522,271</u>	<u>\$ 8,617,271</u>

Notes Payable

The Community College has issued two notes as allowed by Section 260C.58 of the Code of Iowa.

The first note, for the purchase of equipment, was issued for \$125,000 during the year ended June 30, 2000. There is no stated interest rate and the note is payable in annual installments of \$12,500 each July beginning on July 1, 2000. The note balance at June 30, 2008 is \$25,000. The note is unsecured.

The second note, to finance building expansion, was issued for \$200,000 during the year ended June 30, 2003. There is no stated interest rate and the note is payable in annual installments of \$40,000 each September beginning on September 9, 2003. The note was paid in full in fiscal year 2008.

Bonds Payable

On December 1, 2001, the Community College advance refunded its 1992 dormitory building construction bonds. The Community College issued \$335,000 dormitory refunding revenue bonds with interest rates ranging from 2.50% to 4.30% to provide resources to purchase U.S. Government Securities that were placed in an irrevocable trust for the purpose of generating resources for all future debt service payments of the refunded debt. As a result, the refunded bonds are considered to be defeased and the liability has been removed from the Plant Fund. This refunding was undertaken to reduce total debt service payments over the next 8 years by \$81,590.

**NORTHWEST IOWA COMMUNITY COLLEGE**  
**Notes To The Financial Statements**  
**June 30, 2008**

**NOTE 6 – Changes in Long-Term Liabilities – (Continued)**

On February 1, 2007 the college issued \$1,745,000 of Dormitory Revenue Bonds for the construction of the Lyon Hall Student Housing Complex as allowed by Section 260C.19 of the Code of Iowa.

The Dormitory bonds will mature as follows:

<u>Years</u> <u>Ending</u> <u>June 30,</u>	<u>Interest</u> <u>Rates</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2009	4.05-4.15%	\$ 90,000	\$ 86,180	\$ 176,180
2010	4.20%	100,000	82,423	182,423
2011	4.25-4.30%	60,000	78,182	138,182
2012	4.30%	65,000	75,633	140,633
2013	4.35%	70,000	72,838	142,838
2014-2018	4.35-4.65%	390,000	297,490	687,490
2019-2023	4.75-5.05%	500,000	187,675	687,675
2024-2027	5.10-5.30%	515,000	42,410	557,410
Total		<u>\$1,790,000</u>	<u>\$ 922,831</u>	<u>\$ 2,712,831</u>

**NOTE 7 – Iowa Public Employees Retirement System (IPERS)**

The Community College contributes to the Iowa Public Employees Retirement System (IPERS) which is a cost-sharing, multiple-employer defined benefit pension plan administered by the State of Iowa. IPERS provides retirement and death benefits which are established by State statute to plan members and beneficiaries. IPERS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to IPERS, P.O. Box 9117, Des Moines, Iowa, 50306-9117.

Plan members are required to contribute 3.9% of their annual covered salary and the Community College is required to contribute 6.05% of annual payroll. Contribution requirements are established by State statute. The Community College's contribution to IPERS for the years ended June 30, 2008, 2007, and 2006 were \$146,820, \$144,411, and \$135,970 respectively, equal to the required contribution.

**NOTE 8 – Teachers Insurance and Annuity Association – College Retirement Equities (TIAA-CREF)**

The Community College contributes to the TIAA-CREF retirement program, which is a defined contribution plan. TIAA administers the retirement plan for the Community College. The defined contribution retirement plan provides individual annuities for each plan participant. As required by the Code of Iowa, all eligible Community College employees must participate in a retirement plan from the date they are employed. Contributions made by both employer and employee vest immediately. As specified by the contract with TIAA-CREF, and in accordance with the Code of Iowa, each employee is required to contribute 3.9% and the Community College is required to contribute 6.05%. The Community College and employee required and actual contribution to TIAA-CREF for the year ended June 30, 2008, was \$165,947 and \$106,974, respectively.

**NORTHWEST IOWA COMMUNITY COLLEGE**  
**Notes To The Financial Statements**  
**June 30, 2008**

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**NOTE 9 – New Jobs Training Programs**

The Community College administers the Iowa Industrial New Jobs Training Program (NJTP) in Area IV in accordance with Chapter 260E of the Code of Iowa. NJTP's purpose is to provide tax-aided training or retraining for employees of industries which are new to or are expanding their operations within the State of Iowa. Certificates are sold by the Community College to fund approved projects and are to be retired by proceeds from anticipated jobs credits from withholding taxes, incremental property taxes, budgeted reserves and in the case of default, from standby property taxes. Since inception, the Community College has administered fifty-eight projects with forty-one currently having project funding available. The seventeen remaining projects have been completed, and have been fully repaid. In cases where projects exceed the budgeted amounts, the Community College intends to obtain additional withholding revenue from the companies.

The Community College also administers the Iowa Small Business New Jobs Training Program (SBNJTP) in Area IV in accordance with Chapter 260F of the Code of Iowa. SBNJTP's purpose is to provide tax-aided training or retraining for employees of small businesses which are new to or are expanding their operations within the State of Iowa. Approved small businesses receive loans from the Iowa Employment Training Fund, a State administered fund. Since inception, the Community College has administered 84 projects, with 9 projects having unspent training dollars at June 30, 2008.

The Community College is also involved in the Iowa Accelerated Career Education (ACE) Program in Area IV in accordance with Chapter 260G of the Code of Iowa. ACE's purpose is to provide financial assistance for business driven training programs. The Community College received state grants for \$291,837 and \$366,666 for the construction of a new facility for the associate degree in nursing program, as well as \$366,666 and \$422,221 for construction involved with a new radiology tech program. In both fiscal years 2007 and 2008 the College was awarded another \$366,666 to be granted after costs for a bio-tech addition are incurred. The second aspect of this program provides funding for the operational costs of a program through withholding credits and a 20% employer match. The Community College has six 260G programs, general machinist, industrial instrumentation, practical nursing, radiology tech, and two associate nursing programs.

**NOTE 10 – Termination Benefits**

The College offered a voluntary early retirement plan to its employees during fiscal year 2008. The plan was effective from July 1, 2008 thru December 31, 2008. Eligible employees must have completed at least fifteen years of full-time service to the College and must have reached the age of fifty-five on or before June 30 in the calendar year in which early retirement commences. The application for early retirement is subject to approval by the Board of Directors and letter of resignation was to be received by April 1, 2008. Three employees are in the new program. This was a one time opportunity, however subsequent to year end an open ended plan was established, to date no employees have applied.

Early retirement benefits are a one-time cash incentive equal to 2%, multiplied by the employee's total number of qualifying years of service, multiplied by the employee's annual base salary at the date of retirement request, with a maximum retirement benefit not to exceed 100% of the employee's annual base salary at the date of request for early retirement.

The one-time incentives will be paid in two equal installments the first within 60 days of retirement. The second payment will be paid one hundred eighty days thereafter.

Eligible employees of the new plan shall also receive, at no cost to the employee, health/dental coverage for both the employee and spouse for up to 84 months depending upon age.

**NORTHWEST IOWA COMMUNITY COLLEGE**  
**Notes To The Financial Statements**  
**June 30, 2008**

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**NOTE 10 – Termination Benefits – (Continued)**

In fiscal year 2006 the college offered another one-time enrollment early retirement plan in which the college offered one-time cash payments, which have been paid, and no cost health/dental coverage to the employees and spouses for up to 84 months. At June 30, 2008 there were six employees receiving benefits under this plan.

In fiscal year 2003 the college also offered a one-time enrollment early retirement plan in which the college offered one-time cash payments, which have subsequently been paid, and no cost health/dental coverage to the employees and spouses until age 65. At June 30, 2008 there were four employees receiving health/dental coverage under this plan.

At June 30, 2008, the college has obligations to 13 participants with a total liability of \$706,440. The liability is calculated based on unadjusted premium and incentive amounts to be paid over the term of each employee's involvement in the plan. Early retirement is funded on a pay-as-you-go basis through property tax levies. Actual early retirement cash basis expenditures for the year ended June 30, 2008 totaled \$333,372.

**NOTE 11 – Risk Management**

The Community College carries commercial insurance purchased from other insurers for coverage associated with general liability, automobile liability and physical damage, property and inland marine, errors and omissions, crime insurance, fiduciary bonds, boiler and machinery insurance, and health and dental insurance. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

Prior to July 31, 2003, the Community College self-insured for health and dental coverage. The insurance reserve liability of \$150,000 is maintained in case the Community College decides to self-insure in the future.

**NOTE 12 – Subsequent Event**

On August 1, 2008 the College issued certificates totaling \$2,485,000 for NJTP projects with various entities. The debt was incurred as allowed by Chapter 260E of the Code of Iowa and will mature beginning on June 1, 2009.

On December 1, 2008 the College issued Dormitory Revenue Bonds totaling \$1,985,000 for the construction of student dormitories. The debt was incurred as allowed by Chapter 260C of the Code of Iowa and will mature beginning on June 1, 2010.

**NOTE 13 – Prior Period Adjustment**

The June 30, 2007 certificates of deposit balance of the Northwest Iowa Community College Foundation was overstated by \$24,000, thus reducing the June 30, 2008 beginning net assets by \$24,000. The Northwest Iowa Community College Foundation, a blended component unit of the College is audited by other auditors.



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## REQUIRED SUPPLEMENTARY INFORMATION

**NORTHWEST IOWA COMMUNITY COLLEGE**  
**Budgetary Comparison Schedule of Expenditures –**  
**Budget and Actual**  
**June 30, 2008**

Funds/Levy	Original Budget	Amended Budget	Actual	Variance Between Actual and Budget
Unrestricted	\$ 9,577,686	\$ 9,577,686	\$ 9,164,823	\$ 412,863
Restricted	4,330,851	4,330,851	3,237,150	1,093,701
Unemployment	10,000	10,000	2,810	7,190
Insurance	164,079	164,079	163,744	335
Early Retirement			171,147	(171,147)
Equipment Replacement	270,627	270,627		270,627
Total Restricted	4,775,557	4,775,557	3,574,851	1,200,706
Plant	1,800,000	3,200,000	3,249,396	(49,396)
Total	\$ 16,153,243	\$ 17,553,243	\$ 15,989,070	\$ 1,564,173

**NORTHWEST IOWA COMMUNITY COLLEGE**  
**Note to Required Supplementary Information –**  
**Budgetary Reporting**  
**June 30, 2008**

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The Board of Directors annually prepares a budget designating the proposed expenditures for operation of the Community College on a basis consistent with U.S. generally accepted accounting principles. Following required public notice and hearing and in accordance with Chapter 260C of the Code of Iowa, the Board of Directors certifies the approved budget to the appropriate county auditors and then submits the budget to the State Board of Education for approval. The budget may be amended during the year utilizing similar statutorily prescribed procedures. Formal and legal budgetary control is based on total operating expenditures.

Budgets are not required to be adopted for the Auxiliary Enterprises subgroup, Job Training Partnership Act Accounts, Loan Funds, Endowment Funds and Agency Funds.

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## OTHER SUPPLEMENTARY INFORMATION

**NORTHWEST IOWA COMMUNITY COLLEGE**  
**Notes to Other Supplementary Information**  
**June 30, 2008**

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Supplemental Financial Statements

The supplemental financial information of the Community College is presented on the basis of funds, each of which is considered to be a separate accounting entity. The operations of each fund are accounted for by providing a separate set of self-balancing accounts which comprise its assets, liabilities, fund balance, revenue and expenditures. These funds use the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual (i.e., when they become both measurable and available). "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. The various fund groups and their designated purposes are as follows:

Current Funds – The current funds are utilized to account for those economic resources that are expendable for the purpose of performing the primary and supporting missions of the Community College and consist of the following:

Unrestricted Fund – The Educational and Support subgroup of the Unrestricted Fund accounts for the general operations of the Community College. All property tax revenues and other receipts that are not allocated by law or contractual agreement to some other fund are accounted for in this subgroup. From this subgroup are paid the general operating expenses, the fixed charges and the expenditures for plant assets that are not paid from other funds.

The Auxiliary Enterprises subgroup accounts for activities which are intended to provide non-instructional services for sales to students, staff, and/or institutional departments and which are supplemental to the educational and general objectives of the Community College. In addition, it accounts for activities which provide instructional and laboratory experiences for students and which incidentally create goods and services that may be sold to students, faculty, staff and the general public.

Restricted Fund – The Restricted Fund is used to account for resources that are available for the operation and support of the educational program but which are restricted as to their use by donors or outside agencies.

Loan Funds – The Loan Funds are used to account for loans to students, and are financed primarily by contributions from private citizens.

Endowment Fund – The Northwest Iowa Community College Foundation is reported as an endowment fund since the net assets are maintained under the separate control of the Foundation Board and are not accessible directly by the Community College. A significant portion of the Foundation net assets are restricted by donors where the principal is maintained inviolate and only the income from those funds may be used.

Plant Funds – The Plant Funds are used to account for transactions relating to investment in the Community College properties and consist of the following self-balancing subfunds:

Unexpended – This subfund is used to account for the unexpended resources derived from various sources for the acquisition or construction of plant assets.

Retirement of Indebtedness – This subfund is used to account for the accumulation of resources for principal and interest payments on plant indebtedness.

**NORTHWEST IOWA COMMUNITY COLLEGE**  
**Notes to Other Supplementary Information**  
**June 30, 2008**

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Investment in Plant – This subfund is used to account for the excess of the carrying value of plant assets over the related liabilities.

Agency Funds – The Agency Funds are used to account for assets held by the Community College in a custodial capacity or as an agent for others. Agency Funds' assets equal liabilities. Transactions of the Agency Funds represent charges or credits to the individual asset and liability accounts and do not involve measurement of revenues or expenditures.

Statements presented in the supplemental information are reported using the "current financial resources measurement focus" and the accrual basis of accounting with modifications for depreciation and other items included in the adjustments column. The statement of revenues, expenditures and changes in fund balance is a statement of financial activities related to the current reporting period. It does not purport to present the results of operations or net income or loss for the period as would a statement of income or a statement of revenues and expenses.



**NORTHWEST IOWA COMMUNITY COLLEGE**  
**BALANCE SHEET**  
**JUNE 30, 2008**

	Current Funds			
	Restricted			Loan Funds
	Unrestricted	New Jobs Training	Other Restricted	
<b>Assets</b>				
Cash and Pooled Investments	\$ 7,201,715	\$ 4,966,291	\$ 1,596,425	\$ 13,028
Receivables:				
Accounts	651,863		7,442	
Property Tax:				
Current Year Delinquent	7,045		9,319	
Succeeding Year	520,678		726,402	
Notes				90
Due from Other Funds	1,346			
Due from Other Governmental Agencies	60,587		151,061	
Iowa Industrial New Jobs Training Program		2,128,709		
Inventories	222,372			
Prepaid Expenses	140,498			
Bond Issue Costs				
Capital Assets				
Land				
Buildings				
Construction in Progress				
Software Development				
Other Structures and Improvements				
Furniture, Machinery and Equipment				
Accumulated Depreciation				
Endowment Investments				
<b>Total Assets</b>	<b>\$ 8,806,104</b>	<b>\$ 7,095,000</b>	<b>\$ 2,490,649</b>	<b>\$ 13,118</b>

Plant Funds						
Endowment Fund	Unexpended	Retirement of Indebtedness	Investment in Plant	Agency Funds	Adjustments	Total
	\$ 1,927,818	\$ 101,140		\$ 147,429		\$ 15,953,846
	29,264					688,569
	7,045					23,409
	520,678					1,767,758
						90
	78,154				\$ (79,500)	-
				30,182		241,830
						2,128,709
						222,372
						140,498
	39,579					39,579
			\$ 346,880			346,880
			15,478,810			15,478,810
			71,523			71,523
			412,457			412,457
			1,017,800			1,017,800
			5,674,905			5,674,905
					(10,942,536)	(10,942,536)
\$ 2,155,946						2,155,946
\$ 2,155,946	\$ 2,602,538	\$ 101,140	\$ 23,002,375	\$ 177,611	\$ (11,022,036)	\$ 35,422,445

**NORTHWEST IOWA COMMUNITY COLLEGE  
BALANCE SHEET  
JUNE 30, 2008**

	Current Funds			
	Restricted			Loan Funds
	Unrestricted	New Jobs Training	Other Restricted	
<b>Liabilities and Equity</b>				
Liabilities:				
Accounts Payable	\$	431,558	\$	14,440
Salaries and Benefits Payable		195,079		5,696
Interest Payable				
Due to Other Funds				1,346
Deferred Revenue				
Succeeding Year Property Tax		520,678		726,402
Other		381,009		71,636
Early Retirement Payable				706,440
Compensated Absences		240,800		
Insurance Reserve		150,000		
Deposits Held in Custody for Others		21,016		
Certificates Payable			\$ 7,095,000	
Notes Payable		25,000		
Bonds Payable				
Total Liabilities		1,965,140	7,095,000	1,525,960 -
Fund Balance:				
Invested in Capital Assets, Net of Related Debt				
Fund Balances:				
Restricted				
Nonexpendable:				
Cash Reserve				119,016
Temporarily Restricted Foundation Net Assets				
Permanent Foundation Net Assets				
Expendable:				
Loans				\$ 13,118
Board Restricted Foundation Net Assets				
Other Foundation Net Assets				
Other				845,673
Unrestricted		6,840,964		
Total Fund Balances		6,840,964	-	964,689 13,118
Total Liabilities and Equity	\$	8,806,104	\$ 7,095,000	\$ 2,490,649 \$ 13,118

Endowment Fund	Plant Funds			Agency Funds	Adjustments	Total
	Unexpended	Retirement of Indebtedness	Investment in Plant			
				\$ 747		\$ 446,745
						200,775
	\$ 7,154	\$ 301				7,455
		78,154			\$ (79,500)	-
	520,678					1,767,758
\$ 113,220					(113,220)	452,645
						706,440
				5,182		245,982
						150,000
				171,682		192,698
						7,095,000
						25,000
			\$ 1,790,000			1,790,000
113,220	527,832	78,455	1,790,000	177,611	(192,720)	13,080,498
			21,212,375		(10,942,536)	10,269,839
						119,016
516,030						516,030
201,245						201,245
						13,118
501,719						501,719
823,732					113,220	936,952
		22,685				868,358
	2,074,706					8,915,670
2,042,726	2,074,706	22,685	21,212,375	-	(10,829,316)	22,341,947
\$ 2,155,946	\$ 2,602,538	\$ 101,140	\$ 23,002,375	\$ 177,611	\$ (11,022,036)	\$ 35,422,445

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NORTHWEST IOWA COMMUNITY COLLEGE  
STATEMENT OF REVENUES, EXPENDITURES  
AND OTHER CHANGES IN FUND BALANCES  
YEAR ENDED JUNE 30, 2008

	Current Funds		
	Unrestricted	Restricted	
		Jobs Training	Other Restricted
Revenues and other additions:			
General:			
State Appropriations	\$ 4,554,916		\$ 521,677
Tuition and Fees	4,350,441		
Property tax	508,640		672,824
Federal Appropriations	228,385		1,533,463
Interest on Investments	489,419		49,419
Rental of College Facilities	3,475		
Iowa Industrial New Jobs Training Program		\$ 1,294,012	
Increase in Plant Investment Due to Plant Expenditures			
Increase in Plant Investment Due to Retirement of Debt			
Miscellaneous	35,833		203,463
Total General	10,171,109	1,294,012	2,980,846
Auxiliary Enterprises:			
State Appropriations	289,179		
Tuition and Fees	57,392		
Sales and Services	1,620,311		
Interest on Investments	78,787		
Federal Appropriations	24,752		
Sale of Capital Assets	5,451		
Miscellaneous	757,111		
Total Auxiliary Enterprises	2,832,983	-	-
Foundation Revenue, Gains & Support			
Total Revenues and Other Additions	\$ 13,004,092	\$ 1,294,012	\$ 2,980,846

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Loan Funds	Endowment Funds	Plant Funds		Investment in Plant	Adjustments	Total
		Unex- pended	Retirement of Indebtedness			
		\$ 49,703			\$ (873,739)	\$ 5,126,296
		508,640				3,476,702
		97,288				1,690,104
						1,761,848
						636,126
						3,475
						1,294,012
				\$ 2,533,359	(2,533,359)	-
				120,000	(120,000)	-
						239,296
-	-	655,631	-	2,653,359	(3,527,098)	14,227,859
						289,179
						57,392
					(307,761)	1,312,550
						78,787
						24,752
					(5,451)	-
						757,111
-	-	-	-	-	(313,212)	2,519,771
	\$ 703,142				(7,451)	695,691
-	\$ 703,142	\$ 655,631	-	\$ 2,653,359	\$ (3,847,761)	\$ 17,443,321

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**NORTHWEST IOWA COMMUNITY COLLEGE  
STATEMENT OF REVENUES, EXPENDITURES  
AND OTHER CHANGES IN FUND BALANCES  
YEAR ENDED JUNE 30, 2008**

	Current Funds		
	Unrestricted	Restricted Jobs Training	Other Restricted
Expenditures and other deductions:			
Education and Support:			
Liberal Arts and Sciences	\$ 1,111,620		\$ 867
Vocational Technical	3,413,709		147,828
Adult Education	752,942		7,309
Cooperative Services	-	\$ 1,294,012	
Administration	690,891		173,956
Student Services	739,662		
Learning Resources	183,868		-
Physical Plant	673,124		169,627
General Institution	1,599,007		734,912
Total Education and Support	9,164,823	1,294,012	1,234,499
Auxiliary Enterprises	2,295,261		
Scholarships and Grants			1,046,340
Plant Asset Acquisitions			
Retirement of Indebtedness			
Disposal of Plant Assets			
Amorization Expense			
Interest on Indebtedness			
Depreciation			
Loss on Sale of Capital Assets			
Foundation Program & Supporting Services			
Total Expenditures	11,460,084	1,294,012	2,280,839
Excess (Deficiency) of Revenues and Other Additions			
Over (Under) Expenditures and Other Deductions	1,544,008	-	700,007
Transfers:			
Mandatory Transfers			
Non-mandatory Transfers	(185,752)		(484,965)
Total Transfers	(185,752)	-	(484,965)
Net	1,358,256	-	215,042
Fund Balances Beginning of Year	5,482,708	-	749,647
Prior Period Adjustment	-	-	-
Fund Balances Beginning of Year, as Restated	5,482,708	-	749,647
Fund Balances End of Year	\$ 6,840,964	\$ -	\$ 964,689

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Loan Funds	Endowment Funds	Plant Funds			Adjustments	Total
		Unex- pended	Retirement of Indebtedness	Investment in Plant		
	\$ 120,341				\$ (38,382)	\$ 1,074,105
					(69,773)	3,612,105
					(39,356)	720,895
					-	1,294,012
					-	864,847
						739,662
					42,854	226,722
		\$ 482,406				1,325,157
		4,677				2,338,596
-	120,341	487,083	-	-	(104,657)	12,196,101
						2,295,261
	176,891				(1,033,989)	189,242
		2,563,873			(2,563,873)	-
			\$ 120,000		(120,000)	-
				\$ 215,336	(215,336)	-
		3,018		-	-	3,018
			75,422		-	75,422
					694,717	694,717
					5,919	5,919
	10,850					10,850
-	308,082	3,053,974	195,422	215,336	(3,337,219)	15,470,530
-	395,060	(2,398,343)	(195,422)	2,438,023	(510,542)	1,972,791
		(40,000)	40,000			-
		501,257	169,460			-
-	-	461,257	209,460	-	-	-
-	395,060	(1,937,086)	14,038	2,438,023	(510,542)	1,972,791
\$ 13,118	1,671,666	4,011,792	8,647	18,774,352	(10,318,774)	20,393,156
	(24,000)	-	-	-	-	(24,000)
13,118	1,647,666	4,011,792	8,647	18,774,352	(10,318,774)	20,369,156
\$ 13,118	\$ 2,042,726	\$ 2,074,706	\$ 22,685	\$ 21,212,375	\$ (10,829,316)	\$ 22,341,947

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NORTHWEST IOWA COMMUNITY COLLEGE  
UNRESTRICTED FUND  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
EDUCATION AND SUPPORT  
FOR THE YEAR ENDED JUNE 30, 2008

	Education		
	Liberal Arts and Science	Vocational Technical	Adult Education
REVENUES			
State Appropriations	\$ 1,008,194	\$ 2,200,204	\$ 1,344,259
Tuition and Fees	1,074,286	2,862,512	383,514
Property Tax			
Federal Appropriations	12,750	67,306	127,257
Rental of College Facilities			
Interest on Investments			
Miscellaneous	182	1,736	803
	<u>2,095,412</u>	<u>5,131,758</u>	<u>1,855,833</u>
Allocation of Support Services	284,544	517,252	291,761
	<u>2,379,956</u>	<u>5,649,010</u>	<u>2,147,594</u>
Total Revenues			
EXPENDITURES			
Salaries and Benefits	1,062,388	2,927,330	583,172
Services	24,525	184,931	101,241
Materials and Supplies	21,158	266,530	33,820
Travel	3,544	23,842	34,709
Miscellaneous	5	11,076	
	<u>1,111,620</u>	<u>3,413,709</u>	<u>752,942</u>
Allocation of Support Services	1,011,281	1,838,339	1,036,932
	<u>2,122,901</u>	<u>5,252,048</u>	<u>1,789,874</u>
Total Expenditures			
Excess (Deficiency) of Revenues Over (Under) Expenditures	257,055	396,962	357,720
TRANSFERS			
Non-Mandatory Transfers In	-	114,001	
Non-Mandatory Transfers Out		(72,252)	
Net	<u>\$ 257,055</u>	<u>\$ 438,711</u>	<u>\$ 357,720</u>

Fund Balances Beginning of Year

Fund Balances End of Year

Note: The support services allocations are based on the percentage of contact hours reported.

Support Services					Total Education and Support Services
General Administration	Student Services	Learning Resources	Physical Plant	General Institution	
\$ 109		\$ 88	\$ 2,062		\$ 4,554,916
	\$ 30,129				4,350,441
508,640					508,640
19,579	250			\$ 1,243	228,385
			3,475		3,475
471,871				17,548	489,419
35,846	120		57	2,540	41,284
1,036,045	30,499	88	5,594	21,331	10,176,560
(1,036,045)	(30,499)	(88)	(5,594)	(21,331)	(0)
-	-	-	-	-	10,176,560
526,126	667,272	137,954	397,334	677,942	6,979,518
135,027	34,204	11,592	217,912	669,497	1,378,929
12,932	26,725	34,322	57,858	205,702	659,047
16,756	10,007		20	35,662	124,540
50	1,454			10,204	22,789
690,891	739,662	183,868	673,124	1,599,007	9,164,823
(690,891)	(739,662)	(183,868)	(673,124)	(1,599,007)	(0)
-	-	-	-	-	9,164,823
-	-	-	-	-	1,011,737
			14,000	31,220	159,221
			(25,374)	(1,076,894)	(1,174,520)
\$ -	\$ -	\$ -	\$ (11,374)	\$ (1,045,674)	(3,562)
					1,246,730
					\$ 1,243,168

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NORTHWEST IOWA COMMUNITY COLLEGE  
UNRESTRICTED FUND  
STATEMENT OF REVENUES, EXPENDITURES  
AND OTHER CHANGES IN FUND BALANCE  
AUXILIARY ENTERPRISES  
FOR THE YEAR ENDED JUNE 30, 2008

	Bookstore	Dormitories	Carpentry
<b>REVENUES</b>			
State Appropriations			
Tuition and Fees			
Sales and Services (Net of Returns)	\$ 619,213	\$ 194,535	\$ 120,000
Interest on Investments	5,997	11,102	6,871
Federal Appropriations	2,449		
Miscellaneous			634
Total Revenues	627,659	205,637	127,505
<b>EXPENDITURES</b>			
Salaries and Benefits	85,612	1,132	
Services	14,728	5,111	6,474
Materials and Supplies	25,386	7,430	
Travel	1,371		
Cost of Goods Sold	427,663		76,310
Miscellaneous	293		
Total Expenditures	555,053	13,673	82,784
Excess (Deficiency) of Revenues Over (Under) Expenditures	72,606	191,964	44,721
<b>TRANSFERS</b>			
Non-Mandatory Transfers In			
Non-Mandatory Transfers Out		(169,460)	
Net	72,606	22,504	44,721
Fund Balance Beginning of Year	524,693	123,260	140,677
Fund Balance End of Year	\$ 597,299	\$ 145,764	\$ 185,398

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Farm	Parts	Printing and Reproduction	Trade and Industry	Other	Total
			\$ 222,769	\$ 66,410	\$ 289,179
				57,392	57,392
	\$ 296,743	\$ 71,680		318,140	1,620,311
\$ 5,431	3,216	5,972	22,021	18,177	78,787
810			19,527	1,966	24,752
		877	561,191	194,409	757,111
6,241	299,959	78,529	825,508	656,494	2,827,532
		26,866	282,879	74,790	471,279
	1,276	11,322	451,862	126,943	617,716
	294	9,938	34,748	188,766	266,562
			53,923	9,291	64,585
	268,113			92,384	864,470
				10,356	10,649
-	269,683	48,126	823,412	502,530	2,295,261
6,241	30,276	30,403	2,096	153,964	532,271
			27,059	1,024,256	1,051,315
				(52,308)	(221,768)
6,241	30,276	30,403	29,155	1,125,912	1,361,818
78,383	136,185	228,699	268,394	2,735,687	4,235,978
\$ 84,624	\$ 166,461	\$ 259,102	\$ 297,549	\$ 3,861,599	\$ 5,597,796

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**NORTHWEST IOWA COMMUNITY COLLEGE  
RESTRICTED FUND  
STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCE  
FOR THE YEAR ENDED JUNE 30, 2008**

	Scholarships and Grants	Equipment Replacement	Insurance
<b>REVENUES</b>			
State Appropriations	\$ 136,682		
Property Tax		\$ 226,125	\$ 134,050
Federal Appropriations	707,285		
Investment Income			
Iowa Industrial New Jobs Training Program			
Miscellaneous	203,463		
Total Revenues	<u>1,047,430</u>	<u>226,125</u>	<u>134,050</u>
<b>EXPENDITURES</b>			
Salaries and Benefits			
Services			163,744
Material and Supplies	70		
Travel			
Interest in Indebtedness			
Federal Pell Grant Program	677,776		
Federal Supplemental Educational Opportunity Grant	16,068		
Federal TRIO and Title 3 Grant Program			
Federal College Work Study	2,591		
Other Misc. Federal Funds	10,850		
Iowa College Student Aid Commission	79,301		
Other Misc. State Grants	51,525		
Private Scholarships	208,159		
Total Expenditures	<u>1,046,340</u>	<u>-</u>	<u>163,744</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	1,090	226,125	(29,694)
<b>TRANSFERS</b>			
Non-Mandatory Transfers In			
Non-Mandatory Transfers Out		(212,613)	
Net	<u>1,090</u>	<u>13,512</u>	<u>(29,694)</u>
Fund Balances Beginning of Year	<u>6,389</u>	<u>22,440</u>	<u>94,098</u>
Fund Balances (Deficit) End of Year	<u>\$ 7,479</u>	<u>\$ 35,952</u>	<u>\$ 64,404</u>

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Unemployment Compensation	Early Retirement	Cash Reserve	Iowa Industrial New Jobs Training Program	Other	Total
	\$ 312,649			\$ 384,995	\$ 521,677
					672,824
				826,178	1,533,463
				49,419	49,419
			\$ 1,294,012		1,294,012
					203,463
<u>-</u>	<u>312,649</u>	<u>-</u>	<u>1,294,012</u>	<u>1,260,592</u>	<u>4,274,858</u>
\$ 2,810	171,147			481,112	655,069
			786,422	58,837	1,009,003
				293,868	293,938
				33,752	33,752
			507,590		507,590
					677,776
					16,068
				20,000	20,000
					2,591
				9,229	20,079
					79,301
					51,525
					208,159
<u>2,810</u>	<u>171,147</u>	<u>-</u>	<u>1,294,012</u>	<u>896,798</u>	<u>3,574,851</u>
(2,810)	141,502	-	-	363,794	700,007
				45,000	45,000
				(317,352)	(529,965)
<u>(2,810)</u>	<u>141,502</u>	<u>-</u>	<u>-</u>	<u>91,442</u>	<u>215,042</u>
26,698	(764,236)	\$ 119,016	-	1,245,242	749,647
<u>\$ 23,888</u>	<u>\$ (622,734)</u>	<u>\$ 119,016</u>	<u>\$ -</u>	<u>\$ 1,336,684</u>	<u>\$ 964,689</u>

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**NORTHWEST IOWA COMMUNITY COLLEGE  
AGENCY FUNDS  
STATEMENT OF CHANGES IN DEPOSITS HELD IN CUSTODY FOR OTHERS  
FOR THE YEAR ENDED JUNE 30, 2008**

	<u>Student Clubs and Organizations</u>	<u>Iowa Retraining Loan Program</u>	<u>NICC Foundation</u>	<u>Other</u>	<u>Total</u>
Balance Beginning of Year	\$ 17,575	\$ 4,475	\$ 201,458	\$ (2,649)	\$ 220,859
<b><u>ADDITIONS</u></b>					
State Appropriations					
Tuition and Fees	32,079		203		32,282
Interest on Investments			2,981		2,981
Transfers from Governmental Funds	2,000				2,000
Miscellaneous	<u>37,154</u>			<u>75,133</u>	<u>112,287</u>
Total Additions	71,233	-	3,184	75,133	149,550
<b><u>DEDUCTIONS</u></b>					
Salaries and Benefits	13,891		28,940	60,267	103,098
Services and Workshops	19,068			7,540	26,608
Material and Supplies	9,385		6,469	23,111	38,965
Travel	22,396			1,039	23,435
Scholarships and Awards	1,925				1,925
Miscellaneous	<u>4,696</u>				<u>4,696</u>
Total Deductions	71,361	-	35,409	91,957	198,727
Balance End of Year	<u>\$ 17,447</u>	<u>\$ 4,475</u>	<u>\$ 169,233</u>	<u>\$ (19,473)</u>	<u>\$ 171,682</u>

See Accompanying Independent Auditor's Report

**NORTHWEST IOWA COMMUNITY COLLEGE  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2008**

<u>Grantor/Program</u>	<u>CFDA Number</u>	<u>Program Expenditures</u>	<u>New Loans and New Loan Guarantees</u>
Direct:			
U.S. Department of Education:			
Student Financial Aid Cluster:			
Federal Supplemental Educational Opportunity Grants	84.007	\$ 16,068	
Federal Family Education Loans	84.032		\$ 2,061,012
Federal Work-Study Program	84.033	25,051	
Federal Pell Grant Program	84.063	679,191	
Academic Competitiveness Grants	84.375	10,850	
Total for Student Financial Aid Cluster - Note 2		731,160	2,061,012
TRIO Student Support Services	84.042	246,736	
U.S. Department of Labor:			
WIA Pilots, Demonstrations, and Research Projects	17.261	562,097	
Total Direct		1,539,993	2,061,012
Indirect:			
U.S. Department of Education:			
Indirect Through Iowa Department of Education:			
Adult Education - State Grant Program	84.002	126,557	
Vocational Education - Basic Grants to States	84.048	67,306	
Tech-Prep Education	84.243	66,082	
U.S. Department of the Treasury:			
Indirect Through Iowa Department of Economic Development:			
Temporary State Fiscal Relief (Jobs and Growth Tax Reconciliation Act of 2003) Program	21.000'	19,527	
U.S. Department of Labor:			
Indirect Through Iowa Department of Education:			
Incentive Grants- WIA Section 503	17.267	10,751	
Mine Health and Safety Grants	17.600'	700	
U.S. Department of Health and Human Services			
Chafee Education and Training Vouchers Program	93.599	5,000	
Total Indirect		295,923	-
Total		<u>\$ 1,835,916</u>	<u>\$ 2,061,012</u>

**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

Note 1 - BASIS OF PRESENTATION- The above Schedule of Expenditures of Federal Awards includes the federal grant activity of Northwest Iowa Community College and is presented on the cash basis of accounting. The information in this schedule is presented in accordance with the requirements of the OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the basic financial statements.

Note 2 - MAJOR PROGRAMS- Total expenditures from the Student Financial Aid Cluster are considered a major program.



**NORTHWEST IOWA COMMUNITY COLLEGE  
SCHEDULE OF COSTS COMPARED TO BUDGET  
IOWA INDUSTRIAL NEW JOBS TRAINING PROGRAM  
FOR THE YEAR ENDED JUNE 30, 2008**

Project Name	Project Costs				Subtotal
	Training and Wages	Administration	Transfers	Legal and Issue Costs	
Plum Building Systems - 96					
DEMCO - 97					
Foreign Candy Co. - 97					
Vet Pharm - 97					
Miller Loaders, Inc. - 97					
Nemschoff Chairs - 97	\$ 19,234				\$ 19,234
Maintainer Corp. of Iowa - 97					
Interstates Electric - 97					
Link Manufacturing - 97					
The Conveyor Company - 98		\$ 147			147
Rosenboom Machine & Tool - 98		203			203
Excel Specialty Products - 99		305			305
Foreign Candy Co. - 99		130			130
Med Tec - 99		60			60
Data Dimensions - 99		5			5
Pella Corp. - 00		330			330
Link Manufacturing - 00		70			70
Hayes-Albion - 00		70			70
Valley Machining - 00		30			30
Pella Corp. - 01		273			273
Vet Pharm - 01		49			49
SL Energy and Livestock - 01		28			28
Advanced Brands		350			350
Interstates Electric - 03	74,426	172			74,598
Revival Animal Health - 03	19,182	53			19,235
Little Sioux Corn Processors - 03		126			126
Patrick Cudahy - 04	36,434	210			36,644
Total Component Solutions - 04		53			53
Novartis Animal Health - 04	13,226	88			13,314
TEC Industries - 05	50,463	102			50,565
Alpha Omega Publishing - 05	9,975	45			10,020
Prestige Foods - 05		203			203
Advanced Brands #2	132,413	94			132,507
Cargobody Products		35			35
Maintainer Corp. #2	117,894	40			117,934
Nemschoff Chairs #2	35,250	42			35,292
Patrick Cudahy #2		38			38
Pella #3	9,086	52			9,138
Roseboon #3		47			47
Alpha Omega Publishing - #2	136,700	156			136,856
JTV- 07	99,861	116			99,977
Total Component Solutions - #2		68			68
Quality Machine- 07	28,428	60			28,488
Total	<u>\$ 782,572</u>	<u>\$ 3,850</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 786,422</u>

See Accompanying Independent Auditor's Report

Retirement Costs		Current Year Costs	Less: Non-Budgeted Costs	Prior Period Budgeted Costs	Total Budgeted Costs	Budget
Debt	Interest					
				\$ 92,463	\$ 92,463	\$ 100,000
				85,674	85,674	105,000
				64,521	64,521	70,000
				68,445	68,445	75,000
				23,551	23,551	95,000
		\$ 19,234		108,200	127,434	140,000
				113,263	113,263	130,000
				228,671	228,671	265,000
				155,224	155,224	200,000
\$ 45,000	\$ 2,768	47,915	\$ 47,768	270,797	270,944	320,000
65,000	3,998	69,201	68,998	240,915	241,118	385,000
75,000	10,540	85,845	85,540	478,308	478,613	535,000
30,000	4,080	34,210	34,080	225,957	226,087	275,000
15,000	2,040	17,100	17,040	73,179	73,239	115,000
	340	345	340	9,220	9,225	10,000
165,000	26,777	192,107	191,777	639,864	640,194	1,220,000
35,000	5,907	40,977	40,907	205,596	205,666	275,000
35,000	5,908	40,978	40,908	252,195	252,265	285,000
15,000	2,363	17,393	17,363	97,419	97,449	110,000
130,000	37,877	168,150	167,877	874,591	874,864	1,225,000
25,000	7,913	32,962	32,913	92,210	92,259	220,000
15,000	3,945	18,973	18,945	63,670	63,698	120,000
90,000	24,985	115,335	114,985	378,808	379,158	875,000
35,000	10,915	120,513	45,915	206,819	281,417	335,000
10,000	3,287	32,522	13,287	70,058	89,293	100,000
25,000	7,353	32,479	32,353	216,092	216,218	245,000
60,000	22,590	119,234	82,590	485,122	521,766	675,000
15,000	5,920	20,973	20,920	147,454	147,507	165,000
20,000	9,195	42,509	29,195	200,967	214,281	285,000
35,000	14,318	99,883	49,318	155,320	205,885	310,000
10,000	6,030	26,050	16,030	92,479	102,499	145,000
45,000	25,177	70,380	70,177	259,825	260,028	620,000
200,000	60,670	393,177	260,670	798,548	931,055	1,130,000
45,000	23,110	68,145	68,110	134,490	134,525	430,000
85,000	24,353	227,287	109,353	288,117	406,051	460,000
95,000	26,245	156,537	121,245	242,860	278,152	495,000
70,000	23,570	93,608	93,570	138,232	138,270	440,000
120,000	32,797	161,935	152,797	237,739	246,877	620,000
85,000	29,272	114,319	114,272	140,299	140,346	555,000
	17,050	153,906	17,050	68,378	205,234	305,000
	12,585	112,562	12,585	50,743	150,720	225,000
	7,282	7,350	7,282	29,147	29,215	130,000
	6,430	34,918	6,430	25,783	54,271	115,000
<u>\$ 1,695,000</u>	<u>\$ 507,590</u>	<u>\$ 2,989,012</u>	<u>\$ 2,202,590</u>	<u>\$ 8,831,213</u>	<u>\$ 9,617,635</u>	<u>\$ 14,935,000</u>

See Accompanying Independent Auditor's Report

**NORTHWEST IOWA COMMUNITY COLLEGE  
SCHEDULE OF CREDIT/CONTACT HOUR ENROLLMENT  
FOR THE YEAR ENDED JUNE 30, 2008**

<u>Category</u>	<u>Credit Hours</u>			<u>Contact Hours</u>		
	<u>Eligible for Aid</u>	<u>Not Eligible for Aid</u>	<u>Total</u>	<u>Eligible for Aid</u>	<u>Not Eligible for Aid</u>	<u>Total</u>
Arts and Sciences	12,812	-	12,812	-	-	-
Vocational Education	16,856	-	16,856	-	-	-
Adult and Continuing Education	-	-	-	224,563	36,597	261,160
Cooperative Programs and Services	-	-	-	-	-	-
Related Services and Activities	-	-	-	-	-	-
Total	29,668	-	29,668	224,563	36,597	261,160

**NORTHWEST IOWA COMMUNITY COLLEGE  
SCHEDULE OF TAX AND INTERGOVERNMENTAL REVENUES**

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	<u>Years Ended June 30,</u>				
	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>
Local (Property Tax)	\$ 1,690,104	\$ 1,643,656	\$ 1,385,528	\$ 1,365,872	\$1,739,325
State	5,415,475	4,869,290	5,076,529	4,480,350	4,834,384
Federal	1,786,600	1,539,091	1,300,358	1,707,628	1,471,415
Total	<u>\$ 8,892,179</u>	<u>\$ 8,052,037</u>	<u>\$ 7,762,415</u>	<u>\$ 7,553,850</u>	<u>\$8,045,124</u>

**NORTHWEST IOWA COMMUNITY COLLEGE  
SCHEDULE OF CURRENT FUND REVENUES BY SOURCE  
AND EXPENDITURES BY FUNCTION  
FOR THE LAST TWO YEARS**

	Years Ended June 30,	
	2008	2007
<b>Revenues:</b>		
State Appropriations	\$ 5,076,593	\$ 4,592,064
Tuition and Fees	4,350,441	3,315,756
Property Tax	1,181,464	1,140,891
Federal Appropriations	1,761,848	1,538,295
Interest on Investments	538,838	763,782
Rental of College Facilities	3,475	5,319
Iowa Industrial New Jobs Training Program	1,294,012	1,889,462
Auxiliary Enterprises	2,832,983	2,826,435
Miscellaneous	239,296	371,399
<b>Total</b>	<b>\$ 17,278,950</b>	<b>\$ 16,443,403</b>
<b>Expenditures:</b>		
Liberal Arts and Sciences	\$ 1,112,487	\$ 990,573
Vocational Technical	3,561,537	3,387,504
Adult Education	760,251	764,969
Cooperative Services	1,294,012	1,899,727
Administration	864,847	719,507
Student Services	739,662	748,640
Learning Resources	183,868	179,450
Physical Plant	842,751	763,413
General Institution	2,333,919	2,257,269
Auxiliary Enterprises	2,295,261	2,379,406
Scholarships and Grants	1,046,340	840,366
<b>Total</b>	<b>\$ 15,034,935</b>	<b>\$ 14,930,824</b>



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**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE AND ON  
INTERNAL CONTROL OVER FINANCIAL REPORTING  
BASED ON AN AUDIT OF FINANCIAL STATEMENTS  
PERFORMED IN ACCORDANCE WITH  
GOVERNMENT AUDITING STANDARDS**

To the Board of Directors  
Northwest Iowa Community College  
Sheldon, Iowa

We have audited the statement of net assets, and the related statement of revenues, expenses and changes in net assets and cash flows of NORTHWEST IOWA COMMUNITY COLLEGE, Sheldon, Iowa, as of and for the year ended June 30, 2008, and have issued our report thereon dated December 9, 2008. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Compliance**

As part of obtaining reasonable assurance about whether Northwest Iowa Community College's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that we are required to report under *Government Auditing Standards*.

Comments involving statutory and other legal matters about the College's operations for the year ended June 30, 2008, are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the College. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes. Prior year statutory comments have been resolved.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered Northwest Iowa Community College's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Northwest Iowa Community College's internal

control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Northwest Iowa Community College's internal control over financial reporting.

Our consideration of the internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified a certain deficiency in internal control over financial reporting that we consider to be a significant deficiency and a material weakness.

A control deficiency exists when the design or operation of the control does not allow management or employees, in the normal course of performing their assigned function, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects Northwest Iowa Community College's ability to initiate, authorize, record, process, or report financial data reliably in accordance with U.S. generally accepted accounting principles such that there is more than a remote likelihood a misstatement of Northwest Iowa Community College's financial statements that is more than inconsequential will not be prevented or detected by Northwest Iowa Community College's internal control. We consider the deficiency in internal control described in the accompanying Schedule of Findings and Questioned Costs as items II-A-08, II-B-08, and II-C-08 to be significant deficiencies in internal control over financial reporting.

A material weakness is a significant deficiency, or combination of significant deficiencies that results in more than a remote likelihood a material misstatement of the financial statements will not be prevented or detected by Northwest Iowa Community College's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, we believe the significant deficiencies described above as II-A-08 and II-C-08 to be material weaknesses.

Northwest Iowa Community College's response to the finding identified in our audit is described in the accompanying Schedule of Findings and Questioned Costs. While we have expressed our conclusions on the College's response, we did not audit Northwest Iowa Community College's response and, accordingly, we express no opinion on it.

This report, a public record by law, is intended solely for the information and use of the officials, management, federal awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.

We would like to acknowledge the many courtesies and assistance extended to us by personnel of Northwest Iowa Community College during the course of our audit. If you have any questions concerning the above matters we will be pleased to discuss them with you at your convenience.

*Williams & Company P.C.*  
Certified Public Accountants

Le Mars, Iowa  
December 9, 2008



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**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH REQUIREMENTS  
APPLICABLE TO EACH MAJOR PROGRAM AND  
INTERNAL CONTROL OVER COMPLIANCE  
IN ACCORDANCE WITH OMB CIRCULAR A-133**

To the Board of Directors  
Northwest Iowa Community College  
Sheldon, Iowa

**Compliance**

We have audited the compliance of NORTHWEST IOWA COMMUNITY COLLEGE, Sheldon, Iowa, with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major Federal programs for the year ended June 30, 2008. Northwest Iowa Community College's major Federal programs are identified in Part I of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major Federal program is the responsibility of Northwest Iowa Community College's management. Our responsibility is to express an opinion on Northwest Iowa Community College's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and OMB Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major Federal program occurred. An audit includes examining, on a test basis, evidence about the College's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on Northwest Iowa Community College's compliance with those requirements.

In our opinion, Northwest Iowa Community College complied, in all material respects, with the requirements referred to above that are applicable to each of its major Federal programs for the year ended June 30, 2008.

**Internal Control Over Compliance**

The management of the College is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the College's internal control over compliance with requirements that could have a direct and material



effect on a major Federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Northwest Iowa Community College's internal control over compliance.

A *control deficiency* in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of the officials, management, federal awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.

*Williams & Company, P.C.*  
Certified Public Accountants

Le Mars, Iowa  
December 9, 2008

**NORTHWEST IOWA COMMUNITY COLLEGE  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2008**

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**Part I: Summary of the Independent Auditors' Results:**

- (a) An unqualified opinion was issued on the financial statements.
- (b) A significant deficiency in internal control over financial reporting was disclosed by the audit of the financial statements, including a material weakness.
- (c) The audit did not disclose any non-compliance which is material to the financial statements.
- (d) No significant deficiencies in internal control over major programs were disclosed by the audit of the financial statements.
- (e) An unqualified opinion was issued on compliance with requirements applicable to each major program.
- (f) The audit disclosed no audit findings which were required to be reported in accordance with Office of Management and Budget Circular A-133, Section .510(a).
- (g) Major program as follows:

Student Financial Assistance Cluster:

CFDA Numbers:	84.007	Federal Supplemental Educational Opportunity Grants
	84.032	Federal Family Education Loans
	84.033	Federal Work-Study Program
	84.063	Federal Pell Grant Program
	84.375	Academic Competitiveness Grants

- (h) The dollar threshold used to distinguish between Type A and Type B programs was \$300,000.
- (i) Northwest Iowa Community College did not qualify as a low-risk auditee.

**Part II: Findings Related to the Financial Statements:**

**SIGNIFICANT DEFICIENCIES:**

II-A-08 Financial Reporting – During the audit, we identified material amounts of payables and capital asset additions not recorded in the College's financial statements. Adjustments were subsequently made by the College to properly include these amounts in the financial statements.

Recommendation – The College should implement procedures to ensure all payables and capital asset additions are properly identified, classified, and included in the College's financial statements.

Response – We will revise our current procedures to ensure the proper amounts are recorded in the financial statements in the future.

Conclusion – Response accepted.

**NORTHWEST IOWA COMMUNITY COLLEGE  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2008**

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**Part II: Findings Related to the Financial Statements (Continued)**

- II-B-08 Student Accounts – During the financial aid testing it was found for one of the forty students tested that an error occurred during the processing of a paper loan check. After being deposited into the College's Loan Fund a check was cut to the student account for an amount \$896.88 greater than the actual amount of the check deposited.

Recommendation – To ensure proper payment to student accounts the College must implement a control to reconcile student account payments to the actual amounts deposited by the student.

Response – The situation above is a concern only when a paper check is received by the student. To date nearly all loan funds are received electronically and are then automatically credited to student accounts with no manual check required. Thus eliminating the potential of the above situation. We are in the process of enabling our software and processes to handle paper checks in the same manner as electronic funds to eliminate this situation.

Conclusion – Response accepted.

- II-C-08 Student Residency – One student of the forty tested was noted to have a discrepancy in their place of residence between that which was reported on the ISIR and that reported on the student admissions form. This situation creates a discrepancy as the financial aid office calculates awards based on costs associated with the student's place of residence on the ISIR, where the business office charges tuition based on the address on the admissions form.

Recommendation – The College should implement procedures to ensure the correct residence is established and the two offices coordinate this information.

Response – We will review procedures and ensure the correct residency is known and coordinated among the College's Departments.

Conclusion – Response accepted.

**Part III: Findings and Questioned Costs for Federal Awards**

No instances of noncompliance or significant deficiencies relating to Federal Awards were noted.

**Part IV: Other Findings Related to Required Statutory Reporting:**

- 08-IV-A Certified Budget – Total operating expenditures for the year ended June 30, 2008 did not exceed the amount budgeted.

- 08-IV-B Questionable Expenditures – No expenditures that did not meet the requirements of public purpose, as defined in an Attorney General's opinion, dated April 25, 1979, were noted.

**NORTHWEST IOWA COMMUNITY COLLEGE  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2008**

**Part IV: Other Findings Related to Required Statutory Reporting (Continued)**

- 08-IV-C      Travel Expense – No expenditures of the Community College money for travel expenses of spouses of Community College officials or employees were noted. No travel advances to Community College officials or employees were noted.
- 08-IV-D      Business Transactions – No non-exempt business transactions between the Community College and the Community College officials or employees were noted.
- 08-IV-E      Bond Coverage – Surety bond coverage of Community College officials and employees is in accordance with statutory provisions. The amount of coverage should be reviewed annually to insure the coverage is adequate for current operations
- 08-IV-F      Board Minutes – No transactions were found that we believe should have been approved in the Board minutes but were not.
- 08-IV-G      Publication – The Community College published a statement of receipts and disbursements of all required funds, including the names of all persons, firms or corporations to which disbursements were made, as required by Chapter 260C.14(12) of the Code of Iowa.
- 08-IV-H      Deposits and Investments – No instances of non-compliance with the deposit and investment provisions of Chapters 12B and 12C of the Code of Iowa and the College's investment policy were noted.
- 08-IV-I      Credit/Contact Hours – Eligible credit and contact hours reported to the Iowa Department of Education by the Community College were supported by detailed records maintained by the Community College, except for the misstatements shown below:

	Reported	Total per Supporting Documentation	Difference
Adult Continuing Education:			
Credit Hours	-	-	-
Contact Hours	224,529	224,563	(34)

Recommendation – The College should develop procedures to ensure the report submitted to the Iowa Department of Education reconciles to the supporting detailed records.

Response – The College will continue to monitor credit/contact hours to ensure all reports submitted reconcile to the detail maintained.

Conclusion – Response accepted.

**NORTHWEST IOWA COMMUNITY COLLEGE  
SCHEDULE OF PRIOR YEAR FINDINGS FOR FEDERAL AWARDS  
YEAR ENDED JUNE 30, 2007**

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The audit for the year ended June 30, 2007 did not disclose any audit findings which were required to be reported in accordance with Office of Management and Budget Circular A-133, Section .510(a).